

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other				Local Unit Name Cedar Springs Area Parks Board		County Kent	
Fiscal Year End 6/30/07		Opinion Date September 20, 2007		Date Audit Report Submitted to State May 29, 2008			

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input type="checkbox"/>	Not considered necessary	
Other (Describe)		<input type="checkbox"/>	Not considered necessary	
Certified Public Accountant (Firm Name) Siegfried Crandall P.C.			Telephone Number (269) 381-4970	
Street Address 246 E Kilgore			City Kalamazoo	State MI
			Zip 49002	
Authorizing CPA Signature 		Printed Name Daniel L. Veldhuizen		License Number 1101020724

Cedar Springs Area Parks and Recreation Board
Kent County, Michigan

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year ended June 30, 2007

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Cedar Springs Area Parks and Recreation Board **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Cedar Springs Area Parks and Recreation Board's (the Board) financial performance provides a narrative overview of the Board's financial activities for the year ended June 30, 2007. Please read it in conjunction with the Board's financial statements.

FINANCIAL HIGHLIGHTS

- The Board's total net assets increased \$16,745 as a result of this year's activities.
- Total net assets, in the amount of \$19,294, were reported, of which \$1,332 is invested in capital assets. This leaves the Board with unrestricted net assets of \$17,962.

Overview of the financial statements

The Board's annual financial report is comprised of three parts: the management's discussion and analysis, the basic financial statements, and required supplementary information. The notes to the basic financial statements provide additional information that is necessary to understand the data reported in the financial statements.

The basic financial statements include information that presents two different views of the Board:

- The first column of the financial statements includes information on the Board's General Fund under the modified accrual method of accounting. These fund financial statements focus on current financial resources and provide a more detailed view of the accountability of the Board's sources and uses of funds.
- The adjustments column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financials statements under the full accrual method of accounting.
- The third column presents the Board's operations on a full accrual basis, which provides both short- and long-term financial information about the Board's financial status. The government-wide statements report information about the Board as a whole using accounting methods similar to those used by private-sector companies.

The statement of net assets reports all of the Board's assets and liabilities along with the difference between the two, which is identified as the net assets. Over time, increases or decreases in net assets may serve as a useful indicator as to whether the Board's financial position is improving or deteriorating. However, other factors must also be considered when evaluating the overall financial position.

The statement of activities shows how the Board's net assets changed during the fiscal year. All changes in net assets are reported when the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. This statement should help the reader to answer the question: Is the Board, better off or worse off as a result of this year's activities?

Cedar Springs Area Parks and Recreation Board
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE BOARD

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Board's case, assets exceeded liabilities at the end of the fiscal year by \$19,294. The Board's investment in capital assets (e.g., office equipment and furniture), a component of the total net assets, amounts to \$1,332. The Board uses these capital assets to provide essential services to its customers; consequently, these assets are not available to be liquidated for future spending needs. The remaining net assets, in the amount of \$17,962, is unrestricted.

Condensed financial information
Net assets

	<u>2007</u>	<u>2006</u>
Current assets	\$ 29,111	\$ 12,589
Capital assets	<u>1,332</u>	<u>-</u>
Total assets	<u>30,443</u>	<u>12,589</u>
Current liabilities	<u>11,149</u>	<u>10,040</u>
Net assets:		
Invested in capital assets	1,332	-
Unrestricted	<u>17,962</u>	<u>2,549</u>
Total net assets	<u>\$ 19,294</u>	<u>\$ 2,549</u>

Changes in net assets. The Board experienced an increase in net assets of \$16,745 during the current fiscal year compared to a \$4,083 increase in the prior year. The increases occurred because recreation fees have been sufficient to cover program costs during the past two fiscal years. In addition, local unit contributions have also been sufficient to cover administrative costs over the past two years.

The Board's total revenues were \$62,425 in the current fiscal year. The majority of the Board's revenues come from recreation fees while the other significant source of revenues is contributions from constituent municipalities.

The total cost of the Board's operations amounted to \$45,680 in 2007 compared to \$45,879 in 2006, or a decrease of \$199 (less than 1%). More than 40 percent of the costs are personnel costs while nearly 34 percent represents program costs.

Cedar Springs Area Parks and Recreation Board
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed financial information
Changes in net assets

	<u>2007</u>	<u>2006</u>
Revenues:		
Contributions from local units	\$ 27,750	\$ 22,500
Recreation fees	33,069	27,248
Other	<u>1,606</u>	<u>214</u>
Total revenues	62,425	49,962
Expenses - recreation programs	<u>45,680</u>	<u>45,879</u>
Increase in net assets	<u>\$ 16,745</u>	<u>\$ 4,083</u>

FINANCIAL ANALYSIS OF THE BOARD'S FUND

The Board's only fund is its General Fund. The General Fund uses the modified accrual method of accounting which is a short-term perspective that measures the flow of financial resources. At the end of the fiscal year, the unreserved fund balance was \$17,962, which represents 29 percent of the actual total General Fund expenditures for the current fiscal year. Total fund balance increased by \$15,413 because of increases in recreation fees and contributions from constituent municipalities while expenditures stayed virtually the same.

General Fund budgetary highlights

The difference between the original budget and the final amended budget for expenditures was an increase of \$3,424. The budgeted expenditures were increased to reflect unanticipated costs incurred during the year.

Revenues were \$8,507 more than budgeted primarily due to an unexpected increase in contributions from local units. Expenditures were \$1,836 less than the amounts appropriated primarily due to lower than anticipated recreation program costs. These variances resulted in a \$10,343 positive budget variance and a \$15,413 increase in fund balance compared to a budgeted increase of \$5,070.

Capital assets and debt administration

Capital assets

The Board's investment in capital assets as of June 30, 2007, amounts to \$1,332 (net of accumulated depreciation). Capital assets consist of office equipment and furniture.

The net increase in capital assets amounted to \$1,332. This year's major capital event related to the purchase of a laptop computer at a cost of \$1,480.

More detailed information about the Board's capital assets is presented in Note 5 of the notes to the financial statements.

Cedar Springs Area Parks and Recreation Board
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Debt

The Board had no debt at the beginning or end of the current fiscal year.

Economic condition and outlook

The Board continues to rely on support from its constituent municipalities to finance nearly 40% of its operating costs and capital acquisitions. The remainder will come through participation fees and other revenue sources. The outlook for the upcoming fiscal year includes addition of programs, thus increasing the total revenue. A new source of revenue will come from interest generated through banking as the Board has put a large portion of their cash into interest bearing accounts, including certificates of deposit.

The expenses of the Board are increasing due to the hiring of part-time site supervisors and a pay increase for the Director, causing the payroll expenses to increase by more than \$7,500. Other expense changes will occur as marketing and other administrative costs increase with the addition of programming. As a result of the recent office relocation, occupancy costs are expected to decrease significantly.

Contacting the Board's financial management

This financial report is designed to provide a general overview of the Board's finances to its customers and creditors, and to demonstrate the Board's accountability for the money it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Amanda Gerhardt, Director	Phone: (616) 696-7320
Cedar Springs Parks and Recreation Board	E-Mail: director@csaparksandrec.com
204 E. Muskegon	
Cedar Springs, MI 49319	

INDEPENDENT AUDITORS' REPORT

Members of the Board Cedar Springs Area Parks and Recreation Board

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cedar Springs Area Parks and Recreation Board, as of June 30, 2007, and for the year then ended, which collectively comprise the Board's financial statements, as listed in the contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the respective financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Cedar Springs Area Parks and Recreation Board as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison schedule and the management's discussion and analysis, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Siegfried Crandall P.C.

September 20, 2007



1958-2008

BASIC FINANCIAL STATEMENTS

Cedar Springs Area Parks and Recreation Board

GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET ASSETS

June 30, 2007

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of net assets</u>
ASSETS			
Cash	\$ 26,943	\$ -	\$ 26,943
Receivables	1,310	-	1,310
Prepaid expenses	858	-	858
Capital assets, net of accumulated depreciation	<u>-</u>	<u>1,332</u>	<u>1,332</u>
Total assets	<u>\$ 29,111</u>	<u>\$ 1,332</u>	<u>30,443</u>
LIABILITIES			
Accounts payable	\$ 1,203	\$ -	1,203
Deferred revenues	<u>9,946</u>	<u>-</u>	<u>9,946</u>
Total liabilities	<u>11,149</u>	<u>-</u>	<u>11,149</u>
FUND BALANCE - unreserved, undesignated	<u>17,962</u>	<u>(17,962)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 29,111</u>		
NET ASSETS			
Invested in capital assets		1,332	1,332
Unrestricted		<u>17,962</u>	<u>17,962</u>
Total net assets		<u>\$ 19,294</u>	<u>\$ 19,294</u>
Total fund balance - modified-accrual basis			\$ 17,962
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:			
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.			
			<u>1,332</u>
Total net assets - full-accrual basis			<u>\$ 19,294</u>

See notes to financial statements

Cedar Springs Area Parks and Recreation Board
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE/STATEMENT OF ACTIVITIES
Year ended June 30, 2007

	<i>General Fund</i>	<i>Adjustments</i>	<i>Statement of activities</i>
EXPENSES			
Culture and recreation	<u>\$ 47,012</u>	<u>(1,332)</u>	<u>\$ 45,680</u>
PROGRAM REVENUES			
Charges for services - recreation fees	33,069	-	33,069
Contributions from local units	27,750	-	27,750
Other	<u>1,606</u>	<u>-</u>	<u>1,606</u>
Total program revenues	<u>62,425</u>	<u>-</u>	<u>62,425</u>
EXCESS OF REVENUES OVER EXPENDITURES/ CHANGE IN NET ASSETS	15,413	1,332	16,745
FUND BALANCE/NET ASSETS - BEGINNING	<u>2,549</u>	<u>-</u>	<u>2,549</u>
FUND BALANCE/NET ASSETS - ENDING	<u>\$ 17,962</u>	<u>\$ 1,332</u>	<u>\$ 19,294</u>

See notes to financial statements

Cedar Springs Area Parks and Recreation Board
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Cedar Springs Area Parks and Recreation Board (the Board) conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Board. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Board has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Board's financial statements. Also, the Board is not a component unit of any other entity.

These financial statements include all the operations of the Board, a municipal joint venture. The Board was created in January 1986 as a public authority formed under Public Act 156 of the Public Acts of 1917. The six members of the authority include the City of Cedar Springs, Cedar Springs Public Schools, and the Townships of Algoma, Nelson, Solon, and Courtland. The Board was established for the purpose of planning and administering a system of public recreation, playgrounds, and parks or other recreational facilities for the citizens of its member municipal units. Costs of operations and capital expenditures are supported by contributions from the member units and fees from recreational programs.

b) Measurement focus, basis of accounting, and financial statement presentation:

The statement of net assets and the statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by provider have been met.

c) Assets and liabilities:

i) Cash - Cash is considered to be cash on hand, demand deposits and time deposits.

ii) Capital assets - Capital assets, which includes office furniture and equipment, are reported in the financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method over their useful lives.

iii) Deferred revenues - The Board defers revenue recognition in connection with resources that have been received, but not yet earned.

Cedar Springs Area Parks and Recreation Board
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - An annual budget is adopted on a basis consistent with generally accepted accounting principles. The budget document presents information by program. The legal level of budgetary control adopted by the governing body is the functional level. All annual appropriations lapse at the end of the fiscal year. The Board experienced no significant budget variances during the year.

NOTE 3 - DEPOSITS:

Cash consists of deposits with financial institutions that are carried at cost and are maintained at a financial institution in the name of the Board. Michigan state statutes and the Board's investment policy authorize the Board to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Board's deposits are in accordance with statutory authority.

At June 30, 2007, the Board has deposits with a carrying amount of \$26,943 and a bank balance of \$29,958. The bank balance is covered by federal depository insurance.

NOTE 4 - RISK MANAGEMENT:

The Board is exposed to various risks of loss related to property loss and errors and omissions. The Board has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2007, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets being depreciated:				
Office furniture	\$ 1,800	\$ -	\$ -	\$ 1,800
Office equipment	5,095	1,480	-	6,575
Subtotal	6,895	1,480	-	8,375
Less accumulated depreciation for:				
Office furniture	(1,800)	-	-	(1,800)
Office equipment	(5,095)	(148)	-	(5,243)
Subtotal	(6,895)	(148)	-	(7,043)
Total capital assets being depreciated, net	\$ -	\$ 1,332	\$ -	\$ 1,332

Cedar Springs Area Parks and Recreation Board
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - DEFERRED REVENUES:

At June 30, 2007, the components of deferred revenues are as follows:

<u>Revenues</u>	<u>Unearned</u>
Contributions from local units	\$ 8,250
Charges for services - recreation fees	<u>1,696</u>
	<u>\$ 9,946</u>

REQUIRED SUPPLEMENTARY INFORMATION

Cedar Springs Area Parks and Recreation Board
BUDGETARY COMPARISON SCHEDULE
Year ended June 30, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Contributions from local units:				
City of Cedar Springs	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Cedar Springs Public Schools	2,000	2,000	2,000	-
Township of Algoma	4,000	1,000	5,000	4,000
Township of Nelson	4,000	5,000	5,000	-
Township of Solon	3,000	750	3,750	3,000
Township of Courtland	4,000	5,000	5,000	-
Total local unit contributions	24,000	20,750	27,750	7,000
Charges for services - recreation fees	25,325	31,378	33,069	1,691
Other	240	1,790	1,606	(184)
Total revenues	49,565	53,918	62,425	8,507
EXPENDITURES				
Culture and recreation:				
Personnel costs	20,560	17,880	18,315	(435)
Program costs	15,824	17,688	15,498	2,190
Rent	3,360	3,360	3,310	50
Professional fees	1,500	2,193	2,193	-
Insurance	1,465	1,285	1,283	2
Occupancy	700	1,220	1,044	176
Miscellaneous	1,592	3,422	3,571	(149)
Total culture and recreation	45,001	47,048	45,214	1,834
Capital outlay	423	1,800	1,798	2
Total expenditures	45,424	48,848	47,012	1,836
EXCESS OF REVENUES OVER EXPENDITURES	4,141	5,070	15,413	10,343
FUND BALANCE - BEGINNING	2,549	2,549	2,549	-
FUND BALANCE - ENDING	<u>\$ 6,690</u>	<u>\$ 7,619</u>	<u>\$ 17,962</u>	<u>\$ 10,343</u>